WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Financial Statements
as of and for the years ended December 31, 2024 and 2023,
Supplemental Schedules as of and for the year ended
December 31, 2024, and Independent Auditors' Report

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Financial Statements and

Supplemental Schedules

As of and for the Years Ended December 31, 2024 and 2023

Contents

KPMG LLP
Suite 1400
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San Francisco, CA 94105

Independent Auditors' Report

The Audit Committee of the Board of Directors
WellCare Health Insurance of Arizona, Inc.:

Opinions

We have audited the financial statements of WellCare Health Insurance of Arizona, Inc. (the Company), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2024 and 2023, and the related statutory-basis statements of revenue and expenses, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flow for the years then ended in accordance with accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company using accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles. The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the Reinsurance Risk Interrogatories, Investment Risks Interrogatories, Summary Investment Schedule and Statutory-Basis Medicaid Statement of Revenue and Expenses is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Arizona Department of Insurance and Financial Institutions. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ KPMG LLP

San Francisco, California
April 3, 2025

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Admitted Assets, Liabilities, and

Capital and Surplus

	As of December 31, 2024	2023
	($ in Thousands)	
Admitted Assets		
Cash, cash equivalents and short-term investments	$ 26,876	$ 31,456
Bonds	158,500	156,705
Uncollected premiums	7,776	28,715
Accrued retrospective premiums	25,990	29,441
Receivable for amounts paid for uninsured plans	15,119	17,432
Federal income tax recoverable	5,575	4,341
Net deferred tax asset	-	5,121
Amounts due from affiliates	2,143	17,628
Healthcare and other amounts receivable	16,779	21,753
Other assets	1,955	1,959
Total admitted assets	$ 260,713	$ 314,551
Liabilities and Capital and Surplus		
Liabilities:		
Unpaid claims	$ 108,823	$ 131,365
Unpaid claims adjustment expenses	1,027	1,275
Aggregate health policy reserves	86,879	81,830
Liability for amounts held under uninsured plans	5,450	10,078
Hospital assessment payable	-	4,615
Other liabilities	6,417	5,406
Total liabilities	208,596	234,569
Capital and surplus:		
Common stock, $2 par value, 1,500,000 shares authorized, issued and outstanding	3,000	3,000
Gross paid-in and contributed surplus	79,445	79,445
Unassigned deficit	(30,328)	(2,463)
Total capital and surplus	52,117	79,982
Total liabilities and capital and surplus	$ 260,713	$ 314,551

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Revenue and Expenses

	For the Years Ended December 31, 2024	2023
	($ in Thousands)	
Revenue		
Premiums	$ 840,839	$ 904,384
Expenses		
Medical expenses	738,881	793,786
Claims adjustment expenses	6,166	7,301
General administrative expenses	133,571	137,436
Increase in premium deficiency reserve	1,403	24,004
Total expenses	$ 880,021	$ 962,527
Investment income:		
Net investment income	7,817	7,054
Net realized capital losses (net tax, benefit of $3 and $98, respectively)	(12)	(368)
Loss before federal income taxes	(31,377)	(51,457)
Federal income tax benefit	(6,447)	(5,645)
Net loss	$ (24,930)	$ (45,812)

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Changes in Capital and Surplus

	As of December 31,	
	2024	2023
	($ in Thousands)	
Capital and surplus, January 1	$ 79,982	$ 114,128
Net loss	(24,930)	(45,812)
Change in net unrealized capital gains (losses)	109	(189)
Change in deferred income tax	(5,092)	3,982
Change in non-admitted assets	2,048	(2,127)
Capital contribution from parent	-	10,000
Net change in capital and surplus	(27,865)	(34,146)
Capital and surplus, December 31	$ 52,117	$ 79,982

WellCare Health Insurance of Arizona, Inc.

Statutory-Basis Statements of Cash Flow

	For the Years Ended December 31, 2024	2023
	($ in Thousands)	
Cash from operations:		
Premiums collected, net of reinsurance	$ 868,871	$ 909,336
Net investment income	8,849	8,095
Benefits and loss related payments	(756,263)	(800,864)
Commissions, expenses paid and aggregate write-ins	(141,225)	(159,879)
Income taxes recovered (paid)	5,216	(167)
Net cash used in operations	(14,552)	(43,479)
Cash from investments:		
Total investments sold, matured or repaid	29,942	19,562
Total investments acquired	(32,576)	(24,942)
Net cash used in investments	(2,634)	(5,380)
Cash from financing and miscellaneous sources:		
Capital contribution from parent	10,000	-
Other cash provided	2,606	8,924
Net cash provided by financing and miscellaneous sources	12,606	8,924
Net change in cash, cash equivalents and short-term investments	(4,580)	(39,935)
Cash, cash equivalents and short-term investments, beginning of year	31,456	71,391
Cash, cash equivalents and short-term investments, end of year	$ 26,876	$ 31,456
Supplemental disclosures for non-cash information:		
Contribution receivable	$ -	$ 10,000

($ in Thousands)

1. ORGANIZATION AND NATURE OF OPERATION

WellCare Health Insurance of Arizona, Inc., ("the Company", "our") is a wholly-owned subsidiary of Centene Corporation ("Centene"), a publicly traded managed care services company.

The Company, incorporated on November 1972, is organized as a life, accident and health insurance company domiciled in the State of Arizona and licensed as an insurer in 38 states. The Company offers a Medicaid plan under a contract with the State of Hawaii Department of Human Services ("DHS"). The Company's current, multi-year contracts covering Medicaid and Behavioral Health with the DHS expire on December 31, 2026 and June 30, 2025, respectively.

The Company is also a Medicare Advantage ("MA") Organization offering Medicare and prescription drug benefits through the Medicare Part D Program ("PDP") to Medicare beneficiaries in the states of Florida, Hawaii and Louisiana pursuant to contracts with the Centers for Medicare and Medicaid Services ("CMS"). The Company's current one year Medicare contract expires on December 31, 2025 and is renewable for successive one year terms. Effective January 1, 2025, the Company's Medicare contract with Florida members was not renewed and is in runout.

The Company's premiums by contract are as follows:

	Years Ended December 31, 2024	2023
Medicare	$ 418,152	$ 503,695
Medicaid	422,687	400,689
Total premiums	$ 840,839	$ 904,384

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

The statutory-basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Arizona Department of Insurance and Financial Institutions ("AZDIFI") for determining and reporting the financial condition and the results of operations of an insurance company and for determining its solvency under Arizona insurance law.

The State of Arizona has adopted certain prescribed accounting policies found in the revised National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP"), subject to any deviations prescribed or permitted by the AZDIFI Statutory Accounting Principles ("SAP"). In 2024 and 2023, there were no differences between SAP and NAIC SAP that impacted the Company. SAP differs in certain respects from U.S. generally accepted accounting principles ("GAAP") followed by other types of enterprises in determining their financial position, results of operations, and cash flows. The most significant variances are as follows:

A. Under SAP, certain assets, designated as "nonadmitted assets" are excluded from the statutory-basis statements of admitted assets, liabilities, and capital and surplus and are charged to unassigned deficit. The balance of nonadmitted assets at

December 31, 2024 and 2023, are $2,623 and $4,671, respectively. Under GAAP, such assets are included in the balance sheets subject to impairment and allowances.

B. Under SAP, debt securities are generally carried at amortized cost. Under GAAP, debt securities are carried at amortized cost only if there is both a positive intent and ability to hold to maturity. Otherwise, they are carried at fair value with unrealized gains and losses recognized in operations or accumulated other comprehensive income according to prescribed rules.

C. Under SAP, the statements of cash flow reconcile to changes in cash, cash equivalents and short-term investments with original maturities of one year or less. Under GAAP, the statements of cash flows reconcile to changes in cash, cash equivalents including short-term investments with an original maturity period of three months or less and restricted cash. The statutory-basis statements of cash flow are presented in a specified format, which differs from the format prescribed by GAAP. A reconciliation of net income to net cash provided by operating activities is not required.

D. Under SAP, net deferred tax assets are admitted following the application of certain criteria with the resulting change in admitted deferred tax being credited directly to capital and surplus. Under GAAP and SAP, deferred income tax assets and liabilities are recorded for temporary differences between the reported amounts of assets and liabilities and those in the Company’s income tax return. Changes to deferred income tax assets and liabilities are recorded in current operations under GAAP and directly to surplus under SAP.

E. Comprehensive income is not determined for statutory-basis reporting, and there is no statement reflecting accumulated other comprehensive income.

F. Under SAP, the hospital assessment pass-through fees associated with the Medicaid premiums are presented on a net basis since these pass-through's present no risk to the Company. Under GAAP, as of December 31, 2024 and 2023 hospital assessment fees of $60,848 and $(7) , respectively, are presented within premiums and general administrative expenses.

The aggregate effect of the foregoing differences between SAP and GAAP has not been determined but is presumed to be material and pervasive.

B. Management's Estimates

The preparation of statutory-basis financial statements in conformity with the accounting practices prescribed or permitted by the AZDIFI requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenue and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, the accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. The Company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the evaluation, as considered necessary. Actual results could differ from those estimates.

C. Cash, Cash Equivalents and Short-Term Investments

Cash represents amounts held by the Company in disbursement accounts at banks. Periodically, the balance of certain of the Company's bank accounts exceeds the federally-insured limit. The Company did not experience any losses from maintaining cash balances in excess of such limits. Cash equivalents consist primarily of money market mutual funds, which are stated at fair value, and short-term, highly-liquid investments with original maturities of three months or less, which are stated at amortized cost. Short-term investments consist of investments with original maturities greater than three months and less than one year. Short-term investments are stated at cost or amortized cost, which approximates fair value.

D. Fair Value Measurements

In the normal course of business, the Company invests in various financial assets and incurs various financial liabilities. Fair values are disclosed for all financial instruments, whether or not such values are recognized. Management obtains quoted market prices or other observable inputs for these disclosures. The carrying amounts reported for cash, cash equivalents (excluding money market mutual funds), short-term investments, uncollected premiums, and certain other assets and liabilities are carried at cost, which approximates fair value because of their short-term nature. Money market mutual funds are carried at fair value.

E. Bonds

Bonds are valued as prescribed by the NAIC and are generally carried at amortized cost with the accretion of discounts and amortization of premiums being computed under the scientific method (unless NAIC requires fair value). Realized gains and losses are calculated using the specific-identification method. Asset-backed securities are revalued using currently estimated cash flows and prepayment assumptions. A prospective adjustment methodology is used for all asset-backed securities.

The Company evaluates all of its bonds for impairment based on current market prices, economic conditions, and the financial condition of the issuer. Investments that have declines in fair value below cost, which are judged to be other-than-temporary, are written down to estimated fair value. Factors considered in evaluating whether a decline in value is other-than-temporary include: (1) whether the decline is substantial, (2) the Company's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value, (3) the duration and extent to which the fair value has been less than cost, and (4) the financial condition and near-term prospects of the issuer in relation to the anticipated recovery period. There were no charges recorded in 2024 and 2023 related to other-than-temporary impairments.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported.

F. Healthcare and Other Amounts Receivable

Healthcare receivables consist primarily of pharmaceutical rebate receivables admitted in accordance with Statement of Statutory Accounting Principles *("SSAP") No. 84, Health Care and Government Insured Plan Receivables.* The Company records pharmaceutical rebate receivables based on actual utilization and estimated rebate rates. Network rebate receivable is determined retrospectively based upon several pharmacy performance measures. The pharmacy benefit manager calculates the network rebate receivable, withholds the rebate from pharmacies and remits payment to the Company.

($ in Thousands)

Accordingly, the Company recorded admitted healthcare and other amounts receivable at December 31, 2024 and 2023, in the amount of $16,779 and $21,753, respectively, of which $14,317 and $9,421, respectively, was pharmacy rebate receivables.

The following is a summary of pharmacy rebates by quarter:

Quarter Ending	Estimated Rebates	Rebates Invoiced	Collected Within 90 days of Invoicing	Collected Within 91 to 180 days of Invoicing	Collected More than 180 days of Invoicing
12/31/2024	$ 12,743	$ 11,991	$ -	$ -	$ -
9/30/2024	13,526	12,702	-	10,195	-
6/30/2024	12,852	12,126	9,487	-	1,219
3/31/2024	11,916	11,073	5,967	2,516	1,262
12/31/2023	13,000	13,505	12,691	572	294
9/30/2023	13,269	13,782	13,221	490	445
6/30/2023	13,117	13,812	13,275	411	556
3/31/2023	14,262	14,250	13,529	298	415
12/31/2022	14,251	14,917	9,190	5,406	412
9/30/2022	14,727	15,048	13,700	1,000	425
6/30/2022	14,741	14,783	13,456	1,024	359
3/31/2022	13,768	13,815	12,596	872	306

G. Amounts Due From (To) Affiliates

Amounts due from (to) affiliates generally consist of amounts receivable/(payable) from/(to) related parties under various service agreements as well as parent contribution receivables. See Note 8, Related Party Transactions for detailed amounts due from (to) affiliates.

H. Receivable for Amounts Paid For Uninsured Plans/Liability for Amounts Held under Uninsured Plans

For qualifying low-income Medicare MA members, CMS pays for some, or all, of the member's monthly premium. The Company receives certain Part D prospective subsidy payments from CMS for MA members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and the Company based on the difference between the prospective payments and actual claims experience. The subsidy components under Part D are described below:

Low-Income Cost Sharing Subsidy ("LICS") - For qualifying low-income subsidy members, CMS reimburses the Company for all or a portion of the low-income subsidy member's deductible, coinsurance and co-payment amounts above the out-of-pocket threshold.

Catastrophic Reinsurance Subsidy ("CRS") - CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a CRS.

Coverage Gap Discount Subsidy (“CGDS”) - CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members.

CRS and LICS represent cost reimbursements under the PDP program. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Therefore, amounts received for these subsidies are not considered premiums, and are reported, net of the subsidy benefits paid, as deposits. Costs incurred over deposits received are recorded as a receivable for amounts paid for uninsured plans and deposits received in excess of costs incurred are recorded as a liability for amounts held under uninsured plans. Historically, the settlement payments between the Company and CMS have not been materially different from our estimates.

CGDS advance payments are recorded as a receivable for amounts paid for uninsured plans. Receivables are set up for manufacturer-invoiced amounts. Manufacturer payments reduce the receivable as payments are received. After the end of the contract year, during the PDP payment reconciliation process for the CGDS, CMS will perform a cost-based reconciliation to ensure the PDP sponsor is paid for gap discounts advanced at the point of sale, based on accepted prescription drug event data.

For uninsured plans activity, the Company recorded a receivable due from CMS of $15,119 and $17,432 at December 31, 2024 and 2023, respectively. This represents 100% of the Company’s amounts receivable from uninsured accident and health plans. There are no recorded allowances and reserves for adjustment of recorded revenues. There were no adjustments to revenue resulting from the audit of receivables related to revenues recorded in the prior period.

I. Accrued Retrospective Premiums/Aggregate Health Policy Reserves

Medicare Risk Corridor

The Company’s MA premiums are subject to risk sharing through the CMS Medicare Part D risk corridor provisions. The risk corridor calculation compares actual experience to the target amount of prescription drug costs, limited to costs under the standard coverage as defined by CMS, less rebates included in the submitted plan year bid. The Company receives additional premiums from CMS if actual experience is more than 5% above the target amount. The Company refunds premiums to CMS if actual experience is more than 5% below the target amount. Based on the risk corridor provision MA activity-to-date, an estimated risk-sharing receivable or payable is recorded as an adjustment to premiums. After the close of the annual plan year, CMS performs the risk corridor calculation and any differences are settled between CMS and the Company.

At December 31, 2024 and 2023, there was a balance due from CMS of $25,490 and $29,441, respectively, which was recorded as a component of accrued retrospective premiums.

At December 31, 2024 and 2023, there was a balance due to CMS of $29,521 and $18,956, respectively, which was recorded as a component of aggregate health policy reserves. The balance due from/to CMS was recorded as an adjustment to premiums at December 31, 2024 and 2023.

Medicare Minimum Loss Ratio

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), requires the establishment of a minimum medical loss ratio ("MLR") for MA plans, requiring them to spend not less than 85% of premiums on medical benefits. The rules implementing the minimum MLR impose financial and other penalties for failing to achieve the minimum MLR, including requirements to refund to CMS shortfalls in amounts spent on medical benefits and termination of a plan's MA contract for prolonged failure to achieve the minimum MLR. MLR is determined by adding a plan's spending for clinical services, prescription drugs and other direct patient benefits, plus its total spending on quality improvement activities and dividing the total by premiums (after subtracting specific identified taxes and other fees). No refund was due from or payable to CMS for this provision in 2024 or 2023.

Medicaid Minimum Loss Ratio

The Company recorded a minimum medical loss ratio rebate payable of $31,951 and $38,870 on its DHS contract at December 31, 2024 and 2023, respectively, which was recorded as a component of aggregate health policy reserves. This is recorded as return of premium payable.

J. Premium Deficiency Reserve

Premium deficiency reserves are recognized when expected incurred costs, claim adjustment expenses, and administration costs exceed the premiums to be collected for the remainder of a contract period. The Company considered anticipated investment income when calculating its premium deficiency reserves. The adequacy of reserve requirements is continually reviewed by management, with any reductions in the reserve being recorded as a beneficial effect.

At December 31, 2024 and 2023, premium deficiency reserves of $25,407 and $24,004, respectively, were recorded as a component of aggregate health policy reserves based on the Company's expectation regarding the profitability of contracts in force at December 31, 2024 and 2023.

K. Premiums and Uncollected Premiums

Premiums are recognized in the period in which members are entitled to receive covered services. During 2024 and 2023, the Company earned all of its premiums, net of any ceded reinsurance premiums, under the contract with CMS and similarly funded government-insured plans. Substantially, all premiums are based on a fixed amount per eligible enrolled member per month.

Uncollected premiums include amounts receivable under government-insured plans. Amounts receivable under government-insured plans, including amounts over 90 days due, which qualify as accident and health contracts are admitted assets under SSAP No. 84.

Premiums are recognized in the period in which members are entitled to receive covered services. During 2024 and 2023, the Company earned all of its premiums, net of any ceded reinsurance premiums, under the contract with DHS.

Certain state agencies, including the DHS, place an assessment or tax on Medicaid premiums, which is included in the premium rates established in the Medicaid contracts with each state agency and recorded as a component of revenue, as well as administrative expense, when incurred. Medicaid premium taxes were $18,368 and $17,546 for the years ended December 31, 2024 and 2023, respectively. General expenses due or accrued includes amounts due for premium taxes as well as estimated amounts due to our state customer for rate changes.

L. Medical and Claims Adjustment Expenses, Unpaid Claims and Unpaid Claims Adjustment Expenses

Unpaid claims include claims reported but not yet paid, or inventory, and estimates for claims incurred but not reported ("IBNR"). Unpaid claims adjustment expenses include estimates for the costs necessary to process unpaid claims. The Company estimates its unpaid claims using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services, and other relevant factors.

The Actuarial Standards of Practice generally require that unpaid claims estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. In many situations, the claims amount ultimately settled will be different than the estimate that satisfies the Actuarial Standards of Practice. The Company includes in its IBNR an estimate for claims payable under moderately adverse conditions, which represents the risk of adverse deviation of the estimates in its actuarial method of reserving.

The Company uses its judgment to determine the assumptions to be used in the calculation of the required estimates. The assumptions it considers when estimating IBNR include, without limitation, claims receipt and payment experience (and variations in that experience), changes in membership, provider billing practices, healthcare service utilization trends, cost trends, product mix, seasonality, prior authorization of medical services, benefit changes, known outbreaks of disease or increased incidence of illness such as influenza, provider contract changes, changes to fee schedules, and the incidence of high dollar or catastrophic claims patterns, maturity of lines of business and other factors.

The Company's development of the unpaid claims estimate is a continuous process, which it monitors and refines on a monthly basis as additional claims receipts and payment information becomes available. As more complete claim information becomes available, the Company adjusts the amount of the estimates and includes the changes in estimates in medical costs in the period in which the changes are identified. In every reporting period, the operating results include the effects of more completely developed unpaid claims liability estimates associated with previously reported periods. The Company consistently applies its reserving methodology from period to period. As additional information becomes known, the Company adjusts the actuarial model accordingly to establish unpaid claims liability estimates. Management believes the amount of unpaid claims payable is reasonable and adequate to cover the Company's liability at December 31, 2024 and 2023, however, actual claim payments may differ from established estimates.

Claims adjustment expenses are subdivided into cost containment expenses and other claim adjustment expenses. Cost containment expenses, which include care and disease management, utilization review services, quality assurance and on-call nurses, are intended to reduce the number of health services provided or the cost of such services. Other claims adjustment expenses are all other costs which do not meet the definition of cost containment expenses.

M. Accrued Medical Incentive Pool and Bonus Amounts

The Company participates in a physician incentive plan with certain contracted primary care providers. This plan is designed to encourage the delivery of quality care to members. Amounts are accrued and expensed as certain quality metrics are met. This activity is recorded as a component of unpaid claims.

N. Hospital Assessment Payable

Hospital assessment payable consists of amounts payable to hospitals, physicians, and ambulance providers to compensate them for serving Medicaid members. The hospital assessment payable was $0 and $4,615 at December 31, 2024 and 2023, respectively.

O. General Administrative Expenses

The Company has a management services agreement with Centene Management Company, LLC ("CMC") whereby the Company paid CMC for its actual costs incurred. CMC assumes responsibility for program planning and development, management information systems, financial systems and services, facilities arrangement, claims administration, provider and enrollee services and records, case management, care coordination, utilization and peer review, and quality assurance/quality improvement. In addition, under the agreement, the Company also pays other direct costs associated with the business not covered by the management services agreement.

P. Net Investment Income

Investment income is comprised of interest and dividends earned on the Company's invested assets, which can include cash, cash equivalents, short-term investments, bonds and other invested assets. All investment income due and accrued with amounts that are over 90 days past due is considered nonadmitted. There were no nonadmitted interest income amounts due and accrued at December 31, 2024 and 2023.

Q. Income Taxes

Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the statutory-basis financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. In determining if a deductible temporary difference or net operating loss can be realized, the Company considers future reversals of existing taxable temporary differences, future taxable income, taxable income in prior carryback periods, and tax planning strategies.

($ in Thousands)

For the years ended December 31, 2024 and 2023, the Company filed a consolidated federal income tax return with Centene and its other subsidiaries. In accordance with the group's tax allocation agreement, the subsidiaries reimburse or recover from Centene their portion of the income taxes as calculated on a separate company basis.

3. INVESTMENT AND RESTRICTED ASSETS

The amortized cost and estimated fair value of investment in bonds are as follows:

	At December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Governments	$ 3,155	$ 10	$ (4)	$ 3,161
U.S. States, territories and possessions	1,851	1	(31)	1,821
Political subdivisions of states, territories and possessions	1,148	-	(127)	1,021
U.S. Special revenue and special assessments	31,492	23	(3,187)	28,328
Industrial and miscellaneous	120,854	332	(6,144)	115,042
Total Investments	$ 158,500	$ 366	$ (9,493)	$ 149,373

	At December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Governments	$ 3,127	$ 17	$ (6)	$ 3,138
U.S. States, territories and possessions	1,871	15	(12)	1,874
Political subdivisions of states, territories and possessions	1,158	-	(114)	1,044
U.S. Special revenue and special assessments	30,540	129	(2,851)	27,818
Industrial and miscellaneous	120,009	408	(7,919)	112,498
Total Investments	$ 156,705	$ 569	$ (10,902)	$ 146,372

The above tables exclude short-term bonds reported in cash, cash equivalents and short-term investments at December 31, 2024 and 2023, of $0 and $401, respectively.

The fair values of the Company's bonds are evaluated based on NAIC designations set forth by the Securities Valuation Office ("SVO"). The SVO does not provide fair market values for certain bonds. As such, the Company utilizes independent pricing services to estimate fair value for bonds, which are not actively traded on the measurement date or for which the SVO does not provide fair market values.

The following tables illustrate the gross unrealized losses included in the Company's investment portfolio aggregated by investment category. The table also illustrates the length of time the securities have been in an unrealized loss position as follows:

($ in Thousands)

	December 31, 2024					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Governments	$ 859	$ (4)	$ -	$ -	$ 859	$ (4)
U.S. States, territories and possessions	1,129	(25)	513	(6)	1,642	(31)
Political subdivisions of states, territories and possessions	294	(2)	728	(125)	1,022	(127)
U.S. Special revenue and special assessments	9,999	(224)	16,024	(2,963)	26,023	(3,187)
Industrial and miscellaneous	21,329	(374)	61,415	(5,770)	82,744	(6,144)
Total Investments	$ 33,610	$ (629)	$ 78,680	$ (8,864)	$ 112,290	$ (9,493)

	December 31, 2023					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Governments	$ 631	$ (2)	$ 429	$ (4)	$ 1,060	$ (6)
U.S. States, territories and possessions	1,247	(12)	-	-	1,247	(12)
Political subdivisions of states, territories and possessions	293	(2)	751	(112)	1,044	(114)
U.S. Special revenue and special assessments	2,189	(19)	17,810	(2,832)	19,999	(2,851)
Industrial and miscellaneous	5,031	(22)	91,276	(7,897)	96,307	(7,919)
Total Investments	$ 9,391	$ (57)	$ 110,266	$ (10,845)	$ 119,657	$ (10,902)

The Company views the decrease in value of all of the securities with unrealized losses at December 31, 2024 and 2023 as temporary, expects recovery in fair value, anticipates continued payments under the terms of the securities, and has the intent and ability to hold these securities until maturity or a recovery in fair value occurs. Therefore, no impairment of these securities was recorded during 2024 or 2023.

The amortized cost and fair value of debt securities by contractual maturity, are shown below. Actual maturities may differ due to call or prepayment options.

	At December 31, 2024	
	Amortized Cost	Fair Value
Due in one year or less	$ 15,172	$ 15,093
Due after one year through five years	55,887	51,670
Due after five years through ten years	52,878	51,100
Due after ten years	34,563	31,510
Total	$ 158,500	$ 149,373

Proceeds from sales, maturities, repayments on bonds, and other disposals of investments in debt securities during 2024 and 2023 were $29,942 and $19,562, respectively. The Company had net realized losses on the sale of bonds of $12 and $368 during 2024 and 2023, respectively.

Restricted assets are pledged in accordance with regulatory requirements and are included in invested bonds and cash.

($ in Thousands)

The Company had the below restricted assets on deposits:

States	2024	2023
Arizona Department of Insurance	$ 1,513	$ 1,515
Other states	1,694	1,664
	$ 3,207	$ 3,179

4. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value are categorized based upon the extent to which the fair value estimates are based upon observable or unobservable inputs. Level inputs are as follows:

Level input	Input definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Company did not have any assets or liabilities measured and reported at fair value other than bonds of $6,259 and $4,668 that are included in level 2 in the fair value hierarchy at December 31, 2024 and 2023, respectively.

The carrying values and estimated fair values of the Company's financial instruments were as follows:

	Fair Value Measurements December 31, 2024				
	Aggregate fair value	**Admitted assets**	**Level I**	**Level II**	**Level III**
Cash, cash equivalents and short-term investments	$ 26,876	$ 26,876	$ 26,876	$ -	$ -
Bonds	149,373	158,500	3,161	146,212	-

	Fair Value Measurements December 31, 2023				
	Aggregate fair value	**Admitted assets**	**Level I**	**Level II**	**Level III**
Cash, cash equivalents and short-term investments	$ 31,456	$ 31,456	$ 31,055	$ 401	$ -
Bonds	146,372	156,705	3,138	143,234	-

There have been no movements between levels during the years ended December 31, 2024 and 2023.

($ in Thousands)

5. UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The following table provides a reconciliation of the beginning and ending balance of unpaid claims for the following periods:

	Years Ended December 31, 2024	2023
Unpaid claims at January 1,	$ 131,365	$ 141,517
Claims expenses incurred related to:		
Current year	759,020	811,267
Prior years	(20,139)	(17,481)
	738,881	793,786
Claims expenses paid related to:		
Current year	(667,581)	(698,057)
Prior years	(93,841)	(105,881)
	(761,422)	(803,938)
Unpaid claims at December 31,	$ 108,823	$ 131,365

The incurred amounts related to prior years represent the variation between the Company's estimated expense for prior years' claims and the actual amounts required to satisfy such claims. During 2024 and 2023, the Company experienced $20,139 and $17,481, respectively, of favorable development on prior year claims generally as a result of ongoing analysis of recent development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. Changes in medical utilization and cost trends and the effect of population health management initiatives may also contribute to changes in medical claim liability estimates. While we have evidence that population health management initiatives are effective on a case-by-case basis, these initiatives primarily focus on events and behaviors prior to the incurrence of the medical event and generation of a claim. Accordingly, any change in behavior, leveling of care, or coordination of treatment occurs prior to claim generation and as a result, the costs prior to the population health management initiative are not known by us. Additionally, certain population health management initiatives are focused on member and provider education with the intent of influencing behavior to appropriately align the medical services provided with the member's acuity. In these cases, determining whether the population health management initiative changed the behavior cannot be determined. Because of the complexity of our business, the number of states in which we operate, and the volume of claims that we process, we are unable to practically quantify the impact of these initiatives on our changes in estimates of IBNR. Management believes that the amount of medical claims liability is reasonable and adequate to cover the Company's liability for unpaid claims as of December 31, 2024 and 2023.

Claims adjustment expenses of $6,414 and $7,355 were paid during 2024 and 2023, respectively. Adjustments to claims adjustment expenses paid attributable to insured events of the prior year were immaterial for 2024 and 2023.

6. INCOME TAXES

The December 31, 2024 and 2023 balances and related disclosures are calculated and presented pursuant to SSAP No. 101, *Income Taxes.*

($ in Thousands)

The net deferred tax asset ("DTAs")\(liability) ("(DTLs)") at December 31, and change from the prior year, is comprised of the following components:

(1)	2024 Ordinary	2024 Capital	2024 Total	2023 Ordinary	2023 Capital	2023 Total	Change Ordinary	Change Capital	Change Total
(a) Gross DTAs	$ 6,306	$ 42	$ 6,348	$ 6,602	$ 71	$ 6,673	$ (296)	$ (29)	$ (325)
(b) Statutory Valuation Allowance ("SVA") Adjustments	(6,306)	(42)	(6,348)	(1,468)	(67)	(1,535)	(4,838)	25	(4,813)
(c) Adjusted Gross DTAs	$ -	$ -	$ -	$ 5,134	$ 4	$ 5,138	$ (5,134)	$ (4)	$ (5,138)
(d) DTAs Nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal Net Admitted DTAs	$ -	$ -	$ -	$ 5,134	$ 4	$ 5,138	$ (5,134)	$ (4)	$ (5,138)
(f) (DTLs)	-	-	-	(17)	-	(17)	17	-	17
(g) Net Admitted DTAs	$ -	$ -	$ -	$ 5,117	$ 4	$ 5,121	$ (5,117)	$ (4)	$ (5,121)
(2)									
Admission Calculation Components SSAP No. 101:									
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -	$ 5,121	$ 5	$ 5,126	$ (5,121)	$ (5)	$ (5,126)
(b) Adjusted Gross DTAs Expected to be Realized After Application of the Threshold Limitation	-	-	-	-	-	-	-	-	-
1. Adjusted Gross DTAs Expected to be Realized Following the Balance Sheet Date	-	-	-	-	-	-	-	-	-
2. Adjusted Gross DTAs Allowed per Limitation Threshold	XXX	XXX	5,212	XXX	XXX	11,229	XXX	XXX	(6,017)
(c) Adjusted Gross DTAs Offset by Gross (DTLs)	-	-	-	12	-	12	(12)	-	(12)
(d) DTAs Admitted as the result of application of SSAP No. 101	$ -	$ -	$ -	$ 5,133	$ 5	$ 5,138	$ (5,133)	$ (5)	$ (5,138)

Information used in “expected to be realized” calculation consists of the following:

(3)	2024	2023
Authorized control level risk-based capital ratio without net DTAs	203%	>300%
Adjusted capital and surplus	$ 52,117	$ 74,860

(4) Impact of Tax-Planning Strategies	2024 Ordinary	2024 Capital	2023 Ordinary	2023 Capital	Change Ordinary	Change Capital
(a) Determination of Adjusted Gross DTAs and Net Admitted DTAs, By Tax Character as a Percentage						
(1) Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	0.0%	0.0%	3.5%	1.4%	-3.5%	(1.4)%
(2) Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0.0%	0.0%	3.5%	1.4%	-3.5%	(1.4)%
(b) Does the Company's tax-planning strategies include the use of reinsurance?					Yes	No X

The Company did not have any temporary differences for which tax liabilities have not been established.

Current income taxes incurred consist of the following major components:

($ in Thousands)

	(1) Current Income Tax	2024	2023	Change
(a)	Federal	$ (6,478)	$ (5,700)	$ (778)
(b)	Foreign	-	-	-
(c)	Subtotal	$ (6,478)	$ (5,700)	$ (778)
(d)	Federal income tax on capital (losses)	(3)	(98)	95
(e)	Utilization of capital loss carry-forwards	-	-	-
(f)	Other, including prior years underaccrual	31	55	(24)
(g)	Federal and foreign income taxes incurred (benefit)	$ (6,450)	$ (5,743)	$ (707)

The tax effects of temporary differences that give rise to significant portions of the DTAs\(DTLs) are as follows:

	(2) DTAs Resulting From:	2024	2023	Change
(a)	Ordinary			
	Discounting of unpaid losses and LAE	$ 329	$ 398	$ (69)
	Unearned premiums	-	1	(1)
	Policyholder reserves	-	-	-
	Investments	-	-	-
	Deferred acquisition costs	-	-	-
	Policyholder dividends accrued	-	-	-
	Fixed assets	-	-	-
	Accrued Expenses	90	181	(91)
	Pension accruals	-	-	-
	Nonadmitted assets	551	981	(430)
	Net operating loss carryforward	-	-	-
	Tax credit carryforward	-	-	-
	Goodwill and intangible amortization	-	-	-
	Premium deficiency reserve	5,336	5,041	295
	Other	-	-	-
	Gross Ordinary DTAs	$ 6,306	$ 6,602	$ (296)
(b)	SVA adjustments - Ordinary (-)	(6,306)	(1,468)	(4,838)
(c)	Nonadmitted Ordinary DTAs (-)	-	-	-
(d)	Admitted Ordinary DTAs	$ -	$ 5,134	$ (5,134)
(e)	Capital			
	Investments	-	-	-
	Net capital loss carryforward	-	-	-
	Real estate	-	-	-
	Unrealized capital losses	42	71	(29)
	Other	-	-	-
	Gross Capital DTAs	$ 42	$ 71	$ (29)
(f)	SVA adjustments - Capital (-)	(42)	(67)	25
(g)	Nonadmitted Capital DTAs (-)	-	-	-
(h)	Admitted Capital DTAs	$ -	$ 4	$ (4)
(i)	Admitted DTAs	$ -	$ 5,138	$ (5,138)

($ in Thousands)

	(3) (DTLs) Resulting From:	2024	2023	Change
(a)	Ordinary			
	Investments	$ -	$ -	$ -
	Fixed assets	-	-	-
	Deferred and uncollected premiums	-	-	-
	Policyholder reserves/salvage and subrogation	-	(17)	17
	Other	-	-	-
	Ordinary (DTLs)	$ -	$ (17)	$ 17
(b)	Capital			
	Investments	-	-	-
	Real estate	-	-	-
	Unrealized capital gains	-	-	-
	Other	-	-	-
	Capital (DTLs)	$ -	$ -	$ -
(c)	(DTLs)	$ -	$ (17)	$ 17
	(4) Net DTAs	$ -	$ 5,121	$ (5,121)

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

	2024	2023	Change
Total DTAs	$ 6,348	$ 6,673	$ (325)
Total (DTLs)	-	(17)	17
Net DTAs	$ 6,348	$ 6,656	$ (308)
SVA adjustments	(6,348)	(1,535)	(4,813)
Net DTAs after SVA	$ -	$ 5,121	$ (5,121)
Tax effect of unrealized (losses)	(42)	(71)	29
Change in Net Deferred Income Tax (Benefit)\Charge	$ (42)	$ 5,050	$ (5,092)

The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 21% for the years ended December 31, 2024 and 2023 to income before income taxes as follows:

	2024	2023
Income before taxes	$ (6,590)	$ (10,827)
Tax-exempt interest	(58)	(55)
Proration	15	14
Statutory valuation allowance adjustment	4,813	1,535
Deferred taxes on nonadmitted assets	430	(447)
Other, including prior year true-up	32	55
Total statutory income taxes	$ (1,358)	$ (9,725)

	2024	2023
Federal income taxes incurred benefit	$ (6,447)	$ (5,645)
Tax on capital losses	(3)	(98)
Change in net deferred income tax charge/(benefit)	5,092	(3,982)
Total statutory income taxes	$ (1,358)	$ (9,725)

($ in Thousands)

At December 31, 2024 and 2023, the Company had no operating loss or tax credit carryforwards for tax purposes.

The amount of income tax expense that is available for recoupment in the event of future net losses is:

Year:	Ordinary	Capital	Total
2022	N/A	$ -	$ -
2023	-	-	-
2024	-	-	-

The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code (IRC) is $0.

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

The Company's federal income tax return is consolidated with Centene and its eligible subsidiaries as listed in NAIC Statutory Statement Schedule Y.

The method of allocation among companies is subject to written agreements whereby allocation is made primarily on a separate company basis using the percentage method pursuant to provisions of IRC Sections §1502 and §1552 and Treasury Regulations §1.1502 and §1.1552. This percentage method allocates a tax asset (i.e., intercompany receivable) for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. In accordance with the tax sharing agreements, each member shall pay to Centene or receive from Centene the amount of tax liability or benefit reported on each member's pro forma federal income tax return within 90 days of the date Centene files its consolidated federal income tax return. The Inflation Reduction Act was enacted on August 16, 2022, and includes a new corporate alternative minimum tax ("CAMT"). The Company has determined that they are subject to the CAMT; however, they do not pay any CAMT pursuant to the tax sharing agreement.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. The realization of the deferred tax asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for current operations, management anticipates that it is more likely than not that future taxable income will not be sufficient for the realization of the remaining deferred tax assets.

7. MINIMUM SURPLUS REQUIREMENTS AND DIVIDEND RESTRICTIONS

Arizona Statutes 20-210; 20-211; 20-212 require the greater of $0.6 million or 200% of the Action Level RBC Calculationn. The Company was in compliance with the minimum statutory surplus requirements as of December 31, 2024 and 2023.

Dividends are restricted to surplus, which is derived from realized net profits. Ordinary and extraordinary dividends are paid as determined by the Board of Directors and extraordinary dividends require approval by the AZDIFI prior to the dividend declaration. No dividends were declared or paid by the Company during the years ended December 31, 2024 and 2023.

The portion of unassigned funds reduced by unrealized losses of investments was $202 and $340 at December 31, 2024 and 2023, respectively.

($ in Thousands)

8. RELATED PARTY TRANSACTIONS

The Company's transactions, amounts due to and admitted amounts due from affiliates in exchange for services provided for the years ended December 31, 2024 and 2023 are as follows:

Affiliate	Expense 2024	Expense 2023	Amount due from (to) 2024	Amount due from (to) 2023	Services Provided
Centene Corporation	$ -	$ -	$ -	$ 10,000	Accrued capital contribution
CMC	117,531	123,223	1,795	7,512	General management services
Envolve Vision, Inc.	(7)	6,647	-	(1)	Managed vision services (1)
Envolve Dental, Inc.	(130)	3,499	-	76	Managed dental services
Centene Pharmacy Services, Inc.	2,763	3,378	348	40	Pharmacy support services
National Imaging Association, Inc.	-	30	-	-	Radiology services
Envolve Dental of Florida, Inc.	40	5,240	-	(22)	Managed dental services (1)

(1) Amounts due to affiliates reflected in other liabilities at December 31, 2024 and 2023.

In 2024 and 2023, the Company utilized affiliates, AcariaHealth, Inc. and its subsidiaries, to fill $2,140 and $2,239, respectively, of prescription drugs as part of the Company's contract with its external pharmacy benefit manager. The amount is recorded in medical expenses on the statutory-basis statement of revenue and expenses.

Capital Contributions

In 2024 and 2023, the Company received a capital contribution of $10,000 and $0, respectively, from its Parent Company, Centene.

9. RISKS AND CONTINGENCIES

The Company is routinely subjected to legal and regulatory proceedings in the normal course of business. These matters can include, without limitation:

- litigation arising out of general business activities, such as disputes related to healthcare benefits coverage or reimbursement, tax matters, and vendor disputes; and
- periodic compliance and other reviews and investigations by various federal and state regulatory agencies with respect to requirements applicable to the Company's business, which could result in litigation, including, without limitation, those related to payment of out-of-network claims, compliance with CMS regulations, compliance with the False Claims Act, the calculation of minimum MLR and rebates related thereto, submissions to state agencies related to payments or state false claims acts, pre-authorization penalties, timely review of grievances and appeals, timely and accurate payment of claims, provider directory accuracy, cybersecurity issues, including those related to the Company's or the Company's third-party vendors' information systems, and the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other federal and state fraud, waste and abuse laws.

Among other things, these matters may result in awards of damages, fines, or penalties, which could require changes to the Company's business. The Company intends to vigorously defend itself against legal and regulatory proceedings to which it is currently a party.

While the results of litigation cannot be predicted with certainty, the Company believes that the ultimate outcome of any of the regulatory and legal proceedings that are currently pending against it should not have a material adverse effect on the Company's financial position.

10. SUBSEQUENT EVENTS

In connection with the preparation of the statutory-basis financial statements, the Company evaluated subsequent events after the statutory-basis statements of admitted assets, liabilities, and capital and surplus date of December 31, 2024 through April 3, 2025, which was the date the statutory-basis financial statements were issued.

WellCare Health Insurance of Arizona, Inc.

Reinsurance Risk Interrogatories

December 31, 2024

1.	Does the reporting entity have any reinsurance contracts subject to A-791 that include a provision, which limits the reinsurer's assumption of significant risks identified as in A-791?	No
2.	Does the reporting entity have any reinsurance contracts not subject to A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer's assumption risk?	No
3.	Does the reporting entity have any reinsurance contracts that contain features described below which result in delays in payment in form or in fact:	
a.	Provisions which permit the reporting of losses, or settlements are made, less frequently than quarterly or payments due from the reinsurer are not made in cash within ninety days of the settlement date?	No
b.	Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	No
4.	Does the reporting entity reflect a reinsurance accounting credit for any contracts not subject to Appendix A-791 and not yearly renewable term, which meet the risk transfer requirements of SSAP No. 61R for the following?	
a.	Assumption Reinsurance?	No
b.	Non-proportional reinsurance, which does not result in significant surplus relief?	No
5.	Does the reporting entity cede any risk which is not subject to A-791 and not yearly renewable term reinsurance, under any reinsurance contract during the period covered by the financial statement, and either:	
a.	Accounted for that contract as reinsurance under SAP and as a deposit under GAAP; or	No
b.	Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	No

See accompanying auditors' report.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	3,154,836	1.702	3,154,836		3,154,836	1.702
1.02 All other governments	0	0.000			0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	1,850,561	0.998	1,850,561		1,850,561	0.998
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	1,148,359	0.619	1,148,359		1,148,359	0.619
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	31,492,243	16.988	31,492,243		31,492,243	16.988
1.06 Industrial and miscellaneous	120,854,280	65.194	120,854,280		120,854,280	65.194
1.07 Hybrid securities	0	0.000			0	0.000
1.08 Parent, subsidiaries and affiliates	0	0.000			0	0.000
1.09 SVO identified funds	0	0.000			0	0.000
1.10 Unaffiliated bank loans	0	0.000			0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000			0	0.000
1.12 Total long-term bonds	158,500,278	85.502	158,500,279	0	158,500,279	85.502
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	0	0.000			0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	0	0.000			0	0.000
3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other	0	0.000			0	0.000
3.05 Mutual funds	0	0.000			0	0.000
3.06 Unit investment trusts	0	0.000			0	0.000
3.07 Closed-end funds	0	0.000			0	0.000
3.08 Exchange traded funds	0	0.000			0	0.000
3.09 Total common stocks	0	0.000	0	0	0	0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance	0	0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company	0	0.000	0		0	0.000
5.02 Properties held for production of income	0	0.000	0		0	0.000
5.03 Properties held for sale	0	0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	16,956,846	9.147	16,956,846		16,956,846	9.147
6.02 Cash equivalents (Schedule E, Part 2)	9,918,785	5.351	9,918,785		9,918,785	5.351
6.03 Short-term investments (Schedule DA)	0	0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	26,875,631	14.498	26,875,631	0	26,875,631	14.498
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0		0	0.000
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	185,375,909	100.000	185,375,910	0	185,375,910	100.000

See accompanying auditors' report.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2024

(To Be Filed by April 1)

Of The WellCare Health Insurance of Arizona, Inc.

Address (City, State and Zip Code) St. Louis, MO 63105

NAIC Group Code 01295 NAIC Company Code 83445 Employer's ID Number 86-0269558

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 260,712,825
2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Federal Home Loan Mortgage Corporation	CMO, MBS	$ 11,112,127	4.3 %
2.02	Federal National Mortgage Association	MBS	$ 8,782,916	3.4 %
2.03	Volkswagen Group of America Finance, LLC	Bonds	$ 5,407,742	2.1 %
2.04	Lowe's Companies, Inc.	Bonds	$ 3,720,478	1.4 %
2.05	The Cigna Group	Bonds	$ 3,238,023	1.2 %
2.06	The Walt Disney Company	Bonds	$ 3,003,648	1.2 %
2.07	Sound Point Clo XXVIII Ltd.	ABS	$ 2,870,000	1.1 %
2.08	Mercedes-Benz Finance North America LLC	Bonds	$ 2,765,382	1.1 %
2.09	Macquarie Bank Limited	Bonds	$ 2,752,461	1.1 %
2.10	The New York State Urban Development Corporation	Municipal	$ 2,717,326	1.0 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 93,252,168	35.8 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 58,989,202	22.6 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 6,258,908	2.4 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 6	$	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

4.02	Total admitted assets held in foreign investments	$ 24,329,452	9.3 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC 1	$ 24,329,452	9.3 %
5.02	Countries designated NAIC 2	$	0.0 %
5.03	Countries designated NAIC 3 or below	$	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
6.01	Country 1: Cayman Islands	$ 7,719,690	3.0 %
6.02	Country 2: Australia	$ 7,001,913	2.7 %
	Countries designated NAIC 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 0	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC 1	$	0.0 %
8.02	Countries designated NAIC 2	$	0.0 %
8.03	Countries designated NAIC 3 or below	$	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
9.01	Country 1:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	Sound Point Clo XXVIII Ltd.	1FE	$ 2,870,000	1.1 %
10.02	Macquarie Bank Limited	1FE	$ 2,752,461	1.1 %
10.03	Transurban Finance Company Pty Ltd	2FE	$ 2,241,783	0.9 %
10.04	Nissan Motor Co., Ltd.	3FE	$ 2,101,108	0.8 %
10.05	NXP B.V.	2FE	$ 2,060,572	0.8 %
10.06	Symphony CLO XXIV Ltd.	1FE	$ 2,000,000	0.8 %
10.07	Dryden 64 CLO Ltd	1FE	$ 1,919,420	0.7 %
10.08	BPCE S.A.	2FE	$ 1,507,147	0.6 %
10.09	Sompo International Holdings Ltd.	1FE	$ 1,067,937	0.4 %
10.10	Westpac Banking Corporation	1FE	$ 1,019,992	0.4 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

SUPPLEMENT FOR THE YEAR 2024 OF THE WellCare Health Insurance of Arizona, Inc.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Non-Diversified
14.06	First American Funds, Inc. - Government Obligations Fund	$ 5,917,775	$ 5,917,775	$
14.07	State Street Master Funds - State Street U.S. Government Money Market Portfolio	$ 4,000,000	$ 4,000,000	$
14.08	Allspring Funds Trust - Allspring Government Money Market Fund	$ 1,007	$ 1,007	$
14.09	First American Funds, Inc. - Treasury Obligations Fund	$ 3	$ 3	$
14.10		$	$	$
14.11		$	$	$
14.12		$	$	$
14.13		$	$	$
14.14		$	$	$
14.15		$	$	$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential 1	Residential 2	Commercial 3	Commercial 4	Agricultural 5	Agricultural 6
17.01 above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02 91% to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03 81% to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04 71% to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05 below 70%	$	0.0 %	$	0.0 %	$	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

SUPPLEMENT FOR THE YEAR 2024 OF THE WellCare Health Insurance of Arizona, Inc.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %

Largest three investments held in mezzanine real estate loans:

	1	2	3
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End 1	At Year-End 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-End 1	At Year-End 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.01 Hedging	$	0.0 %	$	$	$
22.02 Income generation	$	0.0 %	$	$	$
22.03 Replications	$	0.0 %	$	$	$
22.04 Other	$	0.0 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-End 1	At Year-End 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
23.01 Hedging	$	0.0 %	$	$	$
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$

WellCare Health Insurance of Arizona, Inc.
Statutory-Basis Medicaid Statement of Revenue and Expenses
($ in Thousands)

			Medicaid STAT			Medicaid GAAP to STAT Adjustments			Medicaid GAAP		
	(1)	(2)	(3A)	(3B)	(3C)	(4A)	(4B)	(4C)	(5)	(6)	(7)
	Total	Other Non-Medicaid	QI Medicaid	BH Medicaid Subtotal	Total	QI Medicaid	BH Medicaid Subtotal	Total	QI Medicaid	BH Medicaid Subtotal	Total
REVENUE	(Col 2 + Sum of 3)				(3A + 3B)			(4A + 4B)	(3A + 4A)	(3B + 4B)	(Col 3 + 4)
Premium revenue	$ 840,839	$ 418,152	$ 349,582	$ 73,105	$ 422,687	$ 60,848	$ -	$ 60,848	$ 410,430	$ 73,105	$ 483,535
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenue	$ 840,839	$ 418,152	$ 349,582	$ 73,105	$ 422,687	$ 60,848	$ -	$ 60,848	$ 410,430	$ 73,105	$ 483,535
EXPENSES											
Medical expenses	$ 738,881	$ 375,862	$ 300,978	$ 62,041	$ 363,019	$ 11,304	$ 2,482	$ 13,786	$ 312,282	$ 64,523	$ 376,805
Claim administrative expenses	6,166	3,213	2,731	222	2,953	(2,731)	(222)	(2,953)	0	-	-
General administrative expenses (a)	133,571	75,245	58,326	0	58,326	52,275	(2,260)	50,015	110,601	(2,260)	108,341
Increase in premiums deficiency	1,403	(638)	2,041	-	2,041	-	-	-	2,041	-	2,041
Total expenses	$ 880,021	$ 453,682	$ 364,076	$ 62,263	$ 426,339	$ 60,848	$ -	$ 60,848	$ 424,924	$ 62,263	$ 487,187

(a) Includes premiums written off and other expense

See accompanying auditors' report.